

Message Text

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ACTION EUR-25

INFO OCT-01 DRC-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 SS-20 L-03 NSC-07 CIAE-00 DODE-00 INR-10

NSAE-00 PA-04 RSC-01 PRS-01 SP-03 EB-11 COME-00

TRSE-00 TAR-02 STR-08 CIEP-02 OMB-01 AGR-20 SIL-01

LAB-06 FEA-02 SWF-02 CEA-02 SAM-01 /134 W

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O R 021600Z MAY 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 8775

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, SP

SUBJ: COUNTERVAILING DUTY PROCEEDINGS: BOTTLED OLIVES
AND FOOTWEAR

REF: A) STATE 88341; B) MADRID 2580

1. EMBASSY RECEIVED LETTER FROM FOREIGN OFFICE DIRECTOR
GENERAL FOR INTERNATIONAL ECONOMIC RELATIONS, RAIMUNDO
BASSOLS, INDICATING THAT THE GOS, BY ALL MEANS, INTENDED
TO WITHHOLD FIRM ACCEPTANCE OF DATE FOR TECHNICAL MEETING
IN WASHINGTON UNTIL USG RESPONDED TO THEIR CALL FOR URGENT
MEETING OF JOINT ECONOMIC COMMITTEE (JEC). UPON RECEIPT
OF THIS LETTER EMBOFFS IMMEDIATELY PAID CALL ON BASSOLS TO
ORALLY DELIVER CONTENTS REF A.

2. FOR WELL OVER ONE HOUR BASSOLS MAINTAINED HIS POSI-
TION WHICH INCLUDED THE FOLLOWING POINTS:

A. FOOTWEAR AND OLIVES ARE OVERWHELMINGLY LARGEST
SPANISH EXPORTS COMMODITIES TO US AND THEREFORE IT IS A
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VERY GRAVE PROBLEM FOR THEM WORTHY OF TREATMENT AT

POLICY LEVEL WITHIN FRAMEWORK OF AGREEMENT OF FRIENDSHIP AND COOPERATION.

B. THE MATTER IS OF SUCH TRANSCENDENTAL IMPORTANCE THAT IT IS FELT THAT NOT ONLY THE TREASURY DEPARTMENT, BUT ALSO COMMERCE, DEFENSE AND STATE SHOULD BE MADE AWARE OF THE GOS VIEWS ON THIS ISSUE. THE JEC WOULD BE THE MEDIUM FOR BRINGING THIS ABOUT, OPINED BASSOLS.

C. THERE IS A VERY DANGEROUS RISK INHERENT IN THIS COUNTERVAILING PROCEEDING WHICH COULD RESULT IN SEVERE DAMAGE TO SPANISH EXPORTS. TO LEAVE THE MATTER TO BE SETTLED IN THE NARROW FORMAL AND COLD CONFINES OF THE COUNTERVAILING DUTY PROCEEDING WOULD EXPOSE THE GOS ADMINISTRATION TO SERIOUS DOMESTIC CRITICISM FROM THE AFFECTED EXPORTING SECTOR. THE GOS MUST GIVE EVIDENCE TO ITS OWN INTERESTED GROUPS TO WHICH IT MUST RESPOND, THAT IT HAS EXHAUSTED ALL POSSIBILITIES OF RESOLUTION OF THE PROBLEM, NAMELY THE JEC.

D. IF AFTER BOTH THE TECHNICAL MEETING AND THE JEC THERE WAS AN ADVERSE DECISION FOR SPANISH INTERESTS, THE GOS COULD EXPLAIN THAT THE USG FOUND THAT THERE HAD BEEN ILLEGAL SUBSIDIZATION OF SPANISH EXPORTS AND THERE WAS NOTHING ELSE TO DO BUT ACCEPT THE CONSEQUENCES OF THE COUNTERVAILING DUTY.

3. AFTER BEING PERSISTENTLY GROUND AWAY AT BY THE EMBOFFS, BASSOLS FINALLY RETREATED TO THE POSITION "TOUR D' HORIZON" WITH POLICY LEVEL OFFICIALS AND THAT IT WAS NOT NECESSARY TO HAVE A HIGHLY FORMALIZED AND STRUCTURED SESSION SUCH AS THE JEC FORMAT MIGHT SUGGEST TO SOME IN THE USG. HE EXPLAINED THAT THE GOS WANTED "HELP" FROM THE USG IN TERMS OF NOT ONLY ARRIVING AT A JUST SOLUTION, BUT ALSO PRESENTING THE CORRECT POSTURE IN TERMS OF DOMESTIC SPANISH CONSUMPTION. THE EMBOFFS SUGGESTED, THEREFORE, THAT THERE BE A BILATERAL CONSULTATION ON THE MATTER AT THE POLICY LEVEL BUT NOT WITHIN THE JEC FRAMEWORK. THEN ASKED IF THIS WOULD PROVIDE THE DOMESTIC "PROTECTION" HE SOUGHT HE RESPONDED AFFIRMATIVELY. HE SAID THAT SUCH A BILATERAL CONSULTATION COULD BE AT HIS OWN LEVEL, I.E., DIRECTOR GENERAL/ASSISTANT SECRETARY (OR PERHAPS DEPUTY ASSISTANT SECRETARY). WHEN ASKED IF IT WOULD BE PRACTICAL FROM HIS POINT OF VIEW TO HAVE THIS POLICY-LEVEL CONTACT LIMITED OFFICIAL USE

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FOLLOW IMMEDIATELY UPON THE TECHNICAL-LEVEL TALKS THAT WOULD BEGIN MAY 18 IN WASHINGTON, HE RESPONDED AFFIRMATIVELY. HE SAID THAT HE WOULD BE PREPARED, ALONG WITH MINISTRY OF COMMERCE AND FINANCE OFFICIALS OF HIS SAME LEVEL, TO GO TO WASHINGTON AROUND MAY 20 TO 25 TO UNDERTAKE THE SUGGESTED POSSIBLE BILATERAL CONSULTATION.

4. IT SEEMS QUITE CLEAR THAT BASSOLS WAS LOOKING FOR A

COMPROMISE SOLUTION THAT WOULD PERMIT HIM TO BACK OFF
GRACEFULLY FROM THE INSISTENCE ON A JEC MEETING. THE
EMBASSY STRONGLY RECOMMENDS THAT THE SPANISH OFFER TO
SEND THE POLICY-LEVEL TEAM TO WASHINGTON AS AN IMMEDIATE
FOLLOW-ON TO THE TECHNICAL LEVEL TALKS BE PROMPTLY
ACCEPTED. WASHINGTON CONFIRMATION THAT SUCH AN
ARRANGEMENT WOULD BE ACCEPTABLE WITLL EXTRICATE BOTH
PARTIES FROM WHAT OTHERWISE LOOMS AS BEING AN UNPLEASANT
CONFRONTATION BENEFICIAL TO NO ONE.
RIVERO

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Message Attributes

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